

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 LEA MÁRQUEZ PETERSON
3 CHAIRMAN

4 SANDRA D. KENNEDY
5 COMMISSIONER

6 JUSTIN OLSON
7 COMMISSIONER

8 ANNA TOVAR
9 COMMISSIONER

10 JIM O'CONNOR
11 COMMISSIONER

12 IN THE MATTER OF THE APPLICATION OF
13 EPCOR WATER ARIZONA, INC., SAN TAN
14 WATER AND WASTEWATER DISTRICTS,
15 FOR A DETERMINATION OF THE FAIR
16 VALUE OF ITS WATER AND
17 WASTEWATER UTILITY PLANT AND
18 PROPERTY, FOR INCREASES IN ITS
19 RATES AND CHARGES FOR WATER AND
20 WASTEWATER UTILITY SERVICE, AND
21 FOR RELATED APPROVALS.

Docket No. WS-02987A-20-0025
WS-01303A-20-0025

22 **RUCO'S NOTICE OF FILING**

23 The Residential Utility Consumer Office ("RUCO") hereby provides Notice of Filing the
24 Rate Design Testimony of Frank W. Radigan.

RESPECTFULLY SUBMITTED this 30th day of August, 2021.

S/ Daniel W. Pozefsky
Daniel W. Pozefsky
Chief Counsel

1 E-filed this 30th day of August, 2021
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3 <https://efiling.azcc.gov>

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By s/ Renee de la Fuente
Renee de la Fuente

EPCOR WATER ARIZONA, INC.
DOCKET NOS. WS-02987A-20-0025 AND WS-01303A-20-0025

RATE DESIGN TESTIMONY
OF
FRANK W. RADIGAN

ON BEHALF OF THE
RESIDENTIAL UTILITY CONSUMER OFFICE

AUGUST 31, 2021

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EXECUTIVE SUMMARY

The Company does not propose a realignment of rates for the Water District in accordance with the results of the cost of service study. RUCO believes if the results of the cost of service study are not to be relied upon, as the Company suggests, the revenue allocation should treat service class equally and increase the overall rates for the classes the same as the average for the District as a whole. As RUCO is recommending a 13.2% decrease for the Water District, each service class should receive a 13.2% decrease in rates.

For the rate design within a service class for the Water District, the Company proposes a less than average change in the monthly minimum charge with the remaining revenue requirement being collected via the volumetric charges. The Company provided no reasoning for its proposal. RUCO sees no basis for making any changes to the existing rate design if they are not based on sound cost of service study results. Accordingly, Mr. Radigan recommends that the minimum monthly charge and volumetric charges each be given a rate decrease of 13.2%.

For the Wastewater District the Company proposes to increase the rates for each service class and within each service class by the Wastewater District average increase in rates. The Company proposes reasoning for this proposal but for the same reasons discussed above, RUCO sees no basis for making any changes to the existing revenue allocation among service classes or to the rate design within a service class if they are not based on sound cost of service study results. Accordingly, Mr. Radigan recommends that the minimum monthly charge and volumetric charges each be given the RUCO recommended rate increase of 1.3%.

I. INTRODUCTION

Q. Please state your full name, address, and occupation.

A. My name is Frank W. Radigan. My business address is 235 Lark Street, Albany, NY 12210.

Q. For whom are you appearing?

A. I am testifying on behalf of the Residential Utility Consumer Office ("RUCO").

Q. Was this testimony prepared by you or under your direct supervision and control?

A. Yes.

Q. Are you the same Frank Radigan who prepared direct testimony in this docket?

A. Yes. I provided testimony regarding RUCO's recommended revenue requirement aspects of the case for the San Tan Water District and Wastewater District for EPCOR in support as well as RUCO's sponsored standard filing requirement Schedules "A" through "D" for both the Water District and Wastewater District.

Q. What is the purpose of your testimony at this time?

A. This testimony addresses the revenue allocation and rate design aspects of the case.

Q. What information did you review in conducting your analysis?

A. I reviewed the Application and direct testimony of EPCOR, Company responses to data requests, and public information.

Q. Please summarize your recommendations.

A. RUCO makes the following recommendations:

For the Water District, 1) allocate the revenue change on an equal percentage basis to all service classes and 2) decrease the minimum monthly change and the volumetric charge equally for all service classes.

For the Wastewater District, adopt the Company's recommendations to 1) allocate the revenue change on an equal percentage basis to all service classes and 2) increase the minimum monthly change and the volumetric charge equally for all service classes.

II. WATER DISTRICT REVENUE ALLOCATION AND RATE DESIGN

Q. Please discuss the Company's presentation regarding the water district.

A. The Company presented a cost of service study which shows that the Residential Service Class which is also the largest in terms of customers and revenues, by far, is earning a below average rate of return. The results of the cost of service study are presented in the Table 1 below.

Table 1

Service Class	Rate of Return at Current Rates	Index Rate of Return Relative to Overall
Residential	-1.5%	-1.1
Commercial / Industrial	40.8%	31.2
Irrigation	-4.0	-3.1
Public Authority	105.9%	81.0
Standpipe / Construction	169.3%	129.5
Total	1.3%	1.0

Source: EPCOR Water Standard Filing Schedules, Schedule G-1

The Company also calculated what percentage increase it would take so all classes are earning the same relative profit for the Company with the results for that exercise presented in the Table 2 below.

Table 2

Service Class	Indicated % Increase Per Cost of Service Study Results
Residential	9.4%
Commercial / Industrial	-2.8%
Irrigation	10.7%
Public Authority	-16.9%
Standpipe / Construction	-26.0%
Total	8.7%

Source: EPCOR Water Standard Filing Schedules, Schedule G-1

The Company did not recommend using the results of the cost of service study to allocate the rate change as it believes that **while the cost of service study is a useful tool in designing rates other considerations are factored into the design of rates (See Bourassa Direct at 21, lines 14-19).** Table 3 below shows the Company's recommended increase for each service class.

Table 3

Service Class	EPCOR Proposed Revenue Increase per Service Class
Residential	8.0%
Commercial / Industrial	9.6%
Irrigation	12.0%
Public Authority	9.4%
Standpipe / Construction	9/1%
Total	8.7%

Source: EPCOR Water Standard Filing Schedules, Schedule G-1

1 A review of the Company's workpapers shows that the real driving factor behind its
2 proposed revenue allocation is its proposed rate design where as 1) proposes to
3 increase the minimum monthly usage charge by 3.8% each meter size in each
4 service class and 2) proposes to increase each volumetric usage charge for each
5 service class by 15%. As different service classes have different average
6 consumption of gallons used per customer and different mixes of how much
7 revenues are collected via the minimum charge and how much via the volumetric
8 charge, the classes with most of the revenues being collected though the minimum
9 charge getting a less than average increase in bills, i.e. the **residential class, and**
10 **classes with most of the revenues being collected through the volumetric**
11 **charge getting a larger than average increase, i.e. the irrigation class. This**
12 **proposed rate design results therefore in counter intuitive results at times.**
13 **For example, the commercial and public authority classes should be getting**
14 **rate decreases per the results of the cost of service study but are instead**
15 **receiving larger than average rate increases. Similarly, the Residential**
16 **Service Class should be receiving a larger than average increase per the cost**
17 **of service study but instead is receiving a less than average increase.**
18

19 **Q. What do you recommend?**

20 A. As the Company does not propose a realignment of rates in accordance with the
21 results of the costs of service study the revenue allocation should treat service class
22 equally and increase the overall rates for the classes the same as the average for
23 the District as a whole. As RUCO is recommending a 13.2% decrease for the Water
24 District, each service class should receive a 13.2% decrease in rates. For the rate
25 design within a service class, the Company provided no reasoning for its proposal
26 to give different percentage increases to the minimum charge versus the volumetric

1 charge, I see no basis for making any changes to the existing rate design. As such
2 I recommend that the minimum monthly charge and volumetric charges each be
3 given a rate decrease of 13.2%. My proposed rates are attached as Rate Design
4 Exhibit FWR-1.

5
6 **III. WASTEWATER DISTRICT REVENUE ALLOCATION AND RATE DESIGN**

7 **Q. Could you please discuss the Company's proposed revenue allocation and**
8 **rate design?**

9 A. Yes, for the Wastewater District, the Company's supplemental filing is seeking an
10 increase in rates of \$5,3542,172 which is a 27.5% increase in overall rates (See
11 Updated Application at 2). Company witness Bourassa proposes to recover this
12 increase by increasing the rates for each service class equally by 28.1%¹ (See
13 EPCOR Wastewater Standard Filing Requirement Supplemental Schedule H-2).
14 The Company provides no testimony or reasoning for its proposal (See Bourassa
15 Direct at page 23, lines 16-18).

16
17 **Q. What do you recommend?**

18 A. As the Company does not propose a realignment of rates in accordance with the
19 results of the costs of service study the revenue allocation should treat service class
20 equally and increase the overall rates for the classes the same as the average for
21 the District as a whole. As RUCO is recommending a 1.3% increase for the
22 Wastewater District each service class should receive a 1.3% increase in rates. For
23 the rate design within a service class, the Company does not seek to change to the
24 existing rate design. As such, I see no basis for making any changes to the existing

¹ The charges for customers taking effluent are not increasing as they are contract rates so the rates for customers taking service under the utility's tariff have to increase at a rate slightly above the overall average increase.

1 rate design. As such I recommend that the minimum monthly charge and
2 volumetric charges each be increased by 1.3%. My proposed rates are attached
3 as Rate Design Exhibit FWR-2.

4
5 **Q. Does this conclude your Rate Design testimony at this time?**

6 **A. Yes, it does.**

EPCOR Arizona, Inc. - San Tan Water District
Test Year Ended August 31, 2019
Revenue Summary at Present and Proposed Rates

Exhibit
Supplemental Schedule H-1
Page 1
Witness: Radigan

RUCO Recommended Revenue Increase

<u>Line No.</u>	<u>Meter Size</u>	<u>Class</u>	<u>Present Revenues</u>	<u>Proposed Revenues</u>	<u>Dollar Change</u>	<u>Percent Change</u>
1	3/4 Inch	Residential	\$ 8,835,866	\$ 7,608,083	\$ (1,227,783)	-13.90%
2	1 Inch	Residential	333,211	286,872	(46,339)	-13.91%
3	1.5 Inch	Residential	2,867	2,468	(398)	-13.90%
4	2 Inch	Residential	9,187	7,910	(1,277)	-13.90%
5		Subtotal	9,181,131	7,905,334	(1,275,797)	-13.90%
6						
7	3/4 Inch	Commercial	\$ 6,919	\$ 5,958	\$ (962)	-13.90%
8	1 Inch	Commercial	13,091	11,270	(1,820)	-13.91%
9	1.5 Inch	Commercial	41,033	35,330	(5,703)	-13.90%
10	2 Inch	Commercial	169,954	146,328	(23,626)	-13.90%
11	3 Inch	Commercial	14,669	12,630	(2,039)	-13.90%
12	4 Inch	Commercial	3,896	3,354	(541)	-13.90%
13	6 Inch	Commercial	16,059	13,827	(2,232)	-13.90%
14						
15		Subtotal	\$ 265,621	\$ 228,697	\$ (36,924)	-13.90%
16						
17	3/4 Inch	Irrigation	\$ 52,846	\$ 45,510	\$ (7,336)	-13.88%
18	1 Inch	Irrigation	126,633	109,042	(17,591)	-13.89%
19	1.5 Inch	Irrigation	568,807	489,777	(79,031)	-13.89%
20	2 Inch	Irrigation	863,704	743,688	(120,017)	-13.90%
21	3 Inch	Irrigation	28,882	24,858	(4,024)	-13.93%
22	4 Inch	Irrigation	84,037	72,359	(11,678)	-13.90%
23	6 Inch	Irrigation	51,106	44,007	(7,099)	-13.89%
24		Subtotal	\$ 1,776,016	\$ 1,529,240	\$ (246,776)	-13.89%
25						
26	1.5 Inch	Public Authority	15,983	13,761	(2,222)	-13.90%
27	2 Inch	Public Authority	25,046	21,564	(3,482)	-13.90%
28	3 Inch	Public Authority	16,923	14,571	(2,352)	-13.90%
29	4 Inch	Public Authority	25,319	21,800	(3,519)	-13.90%
30	6 Inch	Public Authority	21,270	18,313	(2,957)	-13.90%
31		Subtotal	\$ 104,540	\$ 90,009	\$ (14,531)	-13.90%
32						
33	3/4 Inch	Industrial	210	181	(29)	
34	1 Inch	Industrial	327	281	(45)	
35	2 Inch	Industrial	4,738	4,079	(659)	
36		Subtotal	\$ 5,275	\$ 4,541	\$ (733)	-13.90%
37						
38		Standpipe	\$ 9,783	\$ 8,423	\$ (1,360)	-13.90%
39	3 Inch	Construction	112,493	96,858	(15,635)	-13.90%
40						
41	Total Revenues Before Annualization		11,454,859	9,863,102	(1,591,757)	-13.90%
42						

EPCOR Arizona, Inc. - San Tan Water District
Test Year Ended August 31, 2019
Revenue Summary

Exhibit
Supplemental Schedule H-1
Page 2
Witness: Radigan

RUCO Recommended Revenue Increase

Revenue Annualization						
No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change
1	3/4 Inch	Residential	\$ 152,987	\$ 131,729	\$ (21,258)	-13.90%
2	1 Inch	Residential	21,022	18,098	(2,924)	-13.91%
3	1.5 Inch	Residential	63	54	(9)	-13.90%
4	2 Inch	Residential	890	767	(124)	-13.90%
5						
6		Subtotal	\$ 174,963	\$ 150,649	\$ (24,314)	-13.90%
7						
8	3/4 Inch	Commercial	\$ (307)	\$ (265)	\$ 43	0.00%
9	1 Inch	Commercial	553	476	(77)	-13.91%
10	1.5 Inch	Commercial	(454)	(391)	63	0.00%
11	2 Inch	Commercial	2,288	1,970	(318)	-13.90%
12	3 Inch	Commercial	-	-	-	0.00%
13	4 Inch	Commercial	-	-	-	0.00%
14	6 Inch	Commercial	-	-	-	0.00%
15		Subtotal	\$ 2,079	\$ 1,790	\$ (289)	-13.90%
16						
17						
18	3/4 Inch	Irrigation	\$ 2,344	\$ 2,019	\$ (325)	-13.88%
19	1 Inch	Irrigation	2,250	1,938	(313)	-13.89%
20	1.5 Inch	Irrigation	(419)	(361)	58	0.00%
21	2 Inch	Irrigation	2,884	2,483	(401)	-13.90%
22	3 Inch	Irrigation	-	-	-	0.00%
23	4 Inch	Irrigation	-	-	-	0.00%
24	6 Inch	Irrigation	-	-	-	0.00%
25		Subtotal	\$ 7,060	\$ 6,079	(980)	-13.89%
26						
27	1.5 Inch	Public Authority	-	-	-	0.00%
28	2 Inch	Public Authority	-	-	-	0.00%
29	3 Inch	Public Authority	-	-	-	0.00%
30	4 Inch	Public Authority	-	-	-	0.00%
31	6 Inch	Public Authority	-	-	-	0.00%
32		Subtotal	\$ -	\$ -	\$ -	0.00%
33						
34	3/4 Inch	Industrial	\$ -	\$ -	\$ -	0.00%
35	1 Inch	Industrial	-	-	-	0.00%
36	2 Inch	Industrial	-	-	-	0.00%
37		Subtotal	\$ -	\$ -	\$ -	0.00%
38						
39	Total Revenue Annualization		\$ 184,102	\$ 158,518	\$ (25,584)	-13.90%

EPCOR Arizona, Inc. - San Tan Water District
Test Year Ended August 31, 2019
Revenue Summary

Exhibit
Supplemental Schedule H-1
Page 3
Witness: Radigan

RUCO Recommended Revenue Increase

<u>Line No.</u>		<u>Present Revenues</u>	<u>Proposed Revenues</u>	<u>Dollar Change</u>	<u>Percent Change</u>
1	Subtotal Metered Revenues	\$ 11,454,859	\$ 9,863,102	\$ (1,591,757)	-13.90%
2	Usage Normalization Adjustment	(141,025)	(171,983)	(30,958)	21.95%
3	Subtotal Revenue Annualization	184,102	158,518	(25,584)	(0)
4	Total Metered Revenues	<u>\$ 11,497,936</u>	<u>\$ 11,497,936</u>	<u>\$ (1,648,298)</u>	<u>-14.34%</u>
5					
6	Misc. Revenues	\$ 505,330	\$ 505,330	-	0.00%
7	Reconciling Amount to GL	-	-	-	0.00%
8	Total Water Revenues	<u>\$ 12,003,265</u>	<u>\$ 12,003,265</u>	<u>\$ (1,588,822)</u>	<u>-13.24%</u>
9					
10					
11	<u>Reconciliation of Revenues</u>				
12	Revenues per GL	\$ 11,308,043			
13	Billing Corrections (reflected on C-1)	146,816			
14	Other Adjustments				
15	Adjusted GL Revenues	<u>\$ 11,454,859</u>			
16					
17	Revenues before Annualization	<u>\$ 11,454,859</u>			
18	Difference	<u>\$ 0</u>			
19					
20	Tolerance %				
21	Tolerance Amount + or -	\$ -			
22					
23	Acceptable?	NO			
24					
25					
26					
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EPCOR Arizona, Inc. - San Tan Water District
Test Year Ended August 31, 2019
Customer Summary

Exhibit
Supplementak Schedule H-2
Page 1
Witness: Radigan

RUCO Recommended Revenue Increase

Line No.	Meter Size, Class	(a) Average Number of Customers		Average Consumption	Average Bill		Proposed Increase	
		at 8/31/2019			Present Rates	Proposed Rates	Dollar Amount	Percent
1	3/4 Inch Residential	26,628		5,685	\$ 27.05	\$ 23.29	\$ (3.76)	-13.90%
2	1 Inch Residential	523		11,797	52.60	45.29	(7.32)	-13.91%
3	1.5 Inch Residential	3		12,758	81.91	70.53	(11.38)	-13.90%
4	2 Inch Residential	3		82,470	264.48	227.71	(36.77)	-13.90%
5	Subtotal	27,156		5,811				
6								
7	3/4 Inch Commercial	10		16,408	\$ 53.90	\$ 46.41	\$ (7.49)	-13.90%
8	1 Inch Commercial	18		14,592	58.61	50.46	(8.15)	-13.91%
9	1.5 Inch Commercial	21		47,188	155.93	134.26	(21.67)	-13.90%
10	2 Inch Commercial	57		71,813	241.57	207.99	(33.58)	-13.90%
11	3 Inch Commercial	1		464,579	1,218.25	1,048.92	(169.33)	-13.90%
12	4 Inch Commercial	1		24,292	324.63	279.51	(45.12)	-13.90%
13	6 Inch Commercial	2		57,834	669.13	576.12	(93.01)	-13.90%
14	Subtotal	111		55,375				
15								
16	3/4 Inch Irrigation	97		12,230	\$ 43.43	\$ 37.40	\$ (6.03)	-13.88%
17	1 Inch Irrigation	102		32,480	97.24	83.74	(13.51)	-13.89%
18	1.5 Inch Irrigation	162		101,561	277.66	239.09	(38.58)	-13.89%
19	2 Inch Irrigation	124		209,862	557.55	480.08	(77.47)	-13.90%
20	3 Inch Irrigation	3		276,139	768.40	661.33	(107.07)	-13.93%
21	4 Inch Irrigation	3		878,083	2,278.86	1,962.18	(316.68)	-13.90%
22	6 Inch Irrigation	2		691,313	2,031.11	1,748.97	(282.14)	-13.89%
23	Subtotal	493		105,032				
24								
25	1.5 Inch Public Authority	4		115,615	312.88	269.40	(43.49)	-13.90%
26	2 Inch Public Authority	15		24,107	139.00	119.68	(19.32)	-13.90%
27	3 Inch Public Authority	4		79,042	344.64	296.74	(47.90)	-13.90%
28	4 Inch Public Authority	4		116,959	523.86	451.05	(72.81)	-13.90%
29	6 Inch Public Authority	2		158,813	886.24	763.05	(123.19)	-13.90%
30	Subtotal	29		66,403				
31								
32	3/4 Inch Industrial	1		542	17.51	15.07	(2.43)	-13.89%
33	1 Inch Industrial	1		-	27.24	23.45	(3.79)	-13.91%
34	2 Inch Industrial	3		20,667	131.60	113.31	(18.30)	-13.90%
35	Subtotal	5		12,509				
36								
37	Standpipe	1		325,325	\$ 815.26	\$ 701.94	(113.32)	-13.90%
38	3 Inch Construction	29		60,026	325.13	279.94	(45.19)	-13.90%
39		30		68,919				
40								
41								
42								
43								
44	Total	27,824						

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

EPCOR Arizona, Inc. - San Tan Water District
Test Year Ended August 31, 2019
Present and RUCO Proposed Rates

Exhibit
Supplemental Schedule H-3
Page 1
Witness: Radigan

No.	Monthly Usage Charge for:		Present Rates	Proposed Rates	Change	Percent Change
1	<u>Meter Size (All Classes):</u>					
2	5/8x3/4 Inch		\$ 10.90	\$ 9.38	\$ (1.52)	-13.9%
2	3/4 Inch - Residential only		16.34	14.07	(2.27)	-13.9%
3	3/4 Inch		16.34	14.07	(2.27)	-13.9%
3	1 Inch - Residential only		27.24	23.45	(3.79)	-13.9%
4	1 Inch		27.24	23.45	(3.79)	-13.9%
4	1 1/2 Inch		54.48	46.91	(7.57)	-13.9%
5	2 Inch		87.17	75.05	(12.12)	-13.9%
6	3 Inch		174.70	150.42	(24.28)	-13.9%
7	4 Inch		272.40	234.54	(37.86)	-13.9%
8	6 Inch		544.79	469.06	(75.73)	-13.9%
9	8 Inch		901.30	776.02	(125.28)	-13.9%
10	10 Inch		1,295.61	1,115.52	(180.09)	-13.9%
11						
12						
13	Construction - Hydrants		\$ -	\$ -		
14	Standpipe		NT	See Testimony		
15						
16						
17	<u>Gallons In Minimum (All Meter Sizes and Classes)</u>		-	(Per 1,000 gallons)		
18						
19	<u>Commodity Rates</u>			<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Percent Change</u>
20	<u>(Residential, Commercial, Industrial)</u>	<u>Block</u>			<u>Change</u>	
21						
22						
23	5/8x3/4 Inch and 3/4 Inch Meter - Residential	1 gallons to 4,000 gallons	\$ 1.771	\$ 1.525	\$ (0.25)	-13.9%
24		4,001 gallons to 10,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
25		over 10,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
26						
27						
28	5/8x3/4 Inch and 3/4 Inch Meter - Com., Irr.	1 gallons to 10,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
29		over 10,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
30						
31						
32	1 Inch Meter - All Classes	1 gallons to 32,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
33		over 32,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
34						
35	NT = No Tariff					

EPCOR Arizona, Inc. - San Tan Water District
Test Year Ended August 31, 2019
Present and RUCO Proposed Rates

Exhibit
Supplemental Schedule H-3
Page 2
Witness: Radigan

Line No.			(Per 1,000 gallons)			
			Present	Proposed		
			Rate	Rate		
2	Commodity Rates					
3	<u>(Residential, Commercial, Industrial)</u>	<u>Block</u>				
4	1.5 Inch Meter - All Classes	1 gallons to 88,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
5		over 88,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
7	2 Inch Meter - All Classes	1 gallons to 156,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
8		over 156,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
10	3 Inch Meter -All Classes	1 gallons to 339,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
11		over 339,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
13	4 Inch Meter- All Classes	1 gallons to 545,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
14		over 545,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
16	6 Inch Meter - All Classes	1 gallons to 1,120,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
17		over 1,120,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
19	8 Inch Meter - All Classes	1 gallons to 1,800,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
20		over 1,800,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
22	10 Inch Meter - All Classes	0 gallons to 2,600,000 gallons	\$ 2.150	\$ 1.851	(0.30)	-13.9%
23		over 2,600,000 gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
25	Construction- Hydrants	All gallons	\$ 2.506	\$ 2.158	(0.35)	-13.9%
27	Standpipe	All gallons	NT	\$ 2.158		
29	Central Arizona Project Water		See Tariff	See Tariff		
35	NT = No Tariff					

EPCOR Arizona, Inc. - San Tan Water District
Changes in Representative Rate Schedules
Test Year Ended August 31, 2019

Exhibit
Supplemental Schedule H-3
Page 3
Witness: Radigan

RUCO Proposed

Line No.		Present Rates	Proposed Rates	Change	Percent Change
3	<u>Other Service Charges</u>				
4	Establishment	\$ 25.00	\$ 25.00	\$0.00	0%
5	Establishment (After Hours)	\$ 40.00	remove		
6	Reconnection (Delinquent)	\$ 50.00	\$ 50.00	\$0.00	0%
7	Reconnection (Delinquent and After Hours)	N/A	N/A		
8	Meter Test	\$ 25.00	\$ 25.00	\$0.00	0%
9	Deposit Requirement (Residential)	(a)	(a)		
10	Deposit Requirement (Non-Residential Meter)	(a)	(a)		
11	Deposit Interest (b)	(b)	(b)		
12	Re-Establishment (With-in 12 Months)	(c)	(c)		
13	Re-Establishment (After Hours)	(c)	(c)		
14	NSF Check	\$ 15.00	\$ 25.00	\$0.00	0%
15	Deferred Payment, Per Month	1.5%	1.5%		
16	Meter Re-Read	\$ 5.00	\$ 5.00	\$0.00	0%
17	Charge of Moving Customer Meter -				
18	Customer Requested per Rule R14-2-405B	Cost	Cost		
19	After hours service charge, per Rule R14-2-403D	Refer to Above Charges	\$ 40.00		
20	Late Charge per month	1.5%	1.5%	\$0.00	0%
21	Off-site Facilities Hook-up Fee (See H-3, page 5)	(d)	(d)		
22					
23					
24	(a) <u>Residential</u> - two times the average bill. <u>Non-residential</u> - two and one-half times the maximum monthly bill.				
25	(b) Interest per Rule R14-2-403(B).				
26	(c) Minimum charge times number months off the system. per Rule R14-2-403(D).				
27	(d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-				
28	division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide				
29	water production, delivery, storage, and pressure among all new service connections.				
30					
31					
32					
33					
34	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM				
35	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE				
36	TAX. PER COMMISSION RULE 14-2-409D(5).				
37	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,				
38	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.				

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes. including all gross-up taxes, if applicable.

EPCOR Arizona, Inc. - San Tan Wastewater District
Test Year Ended August 31, 2019
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Supplemental Schedule H-1
Page 1
Witness: Radigan

RUCO - Recommended Revenue Increase

<u>Line No.</u>	<u>Meter Size</u>	<u>Class</u>	<u>Present Revenues</u>	<u>Proposed Revenues</u>	<u>Dollar Change</u>	<u>Percent Change</u>
1	5/8x3/4 Inch	Residential	\$ 34,160	\$ 34,603	\$ 443	1.30%
2	3/4 Inch	Residential	17,824,338	\$ 18,055,717	231,378	1.30%
3	1 Inch	Residential	69,865	\$ 70,772	907	1.30%
4	1.5 Inch	Residential	735	\$ 745	10	1.30%
5	2 Inch	Residential	1,185	\$ 1,201	15	1.30%
6						
7		Subtotal	17,930,284	18,163,037	232,754	1.30%
8						
9	3/4 Inch	Commercial	\$ 7,181	\$ 7,274	93	1.30%
10	1 Inch	Commercial	11,923	\$ 12,078	155	1.30%
11	1.5 Inch	Commercial	16,234	\$ 16,445	211	1.30%
12	2 Inch	Commercial	87,313	\$ 88,446	1,133	1.30%
13	3 Inch	Commercial	9,419	\$ 9,541	122	1.30%
14	4 Inch	Commercial	27,124	\$ 27,476	352	1.30%
15	6 Inch	Commercial	12,270	\$ 12,430	159	1.30%
16		Subtotal	\$ 171,464	\$ 173,690	\$ 2,226	1.30%
17						
18	1.5 Inch	Public Authority	\$ 2,205	\$ 2,234	\$ 29	1.30%
19	2 Inch	Public Authority	14,223	\$ 14,408	185	1.30%
20	3 Inch	Public Authority	14,129	\$ 14,312	183	1.30%
21	4 Inch	Public Authority	34,659	\$ 35,109	450	1.30%
22	6 Inch	Public Authority	25,563	\$ 25,895	332	1.30%
23		Subtotal	\$ 90,779	\$ 91,957	1,178	1.30%
24						
25		Effluent	\$ 481,036	\$ 487,281	6,244	1.30%
26						
27						
28	Total Revenues Before Annualization		<u>\$ 18,673,563</u>	<u>\$ 18,915,965</u>	<u>\$ 242,402</u>	<u>1.30%</u>
29						
30						
31						
32						

EPCOR Arizona, Inc. - San Tan Wastewater District
Test Year Ended August 31, 2019
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Supplemental Schedule H-1
Page 2
Witness: Radigan

RUCO - Recommended Revenue Increase

<u>Line No.</u>			<u>Revenue Annualization</u>			
	<u>Meter Size</u>	<u>Class</u>	<u>Present Revenues</u>	<u>Proposed Revenues</u>	<u>Dollar Change</u>	<u>Percent Change</u>
1						
2						
3						
4						
5	5/8x3/4 Inch	Residential	\$ 72	\$ 73	1	1.30%
6	3/4 Inch	Residential	316,785	\$ 320,897	4,112	1.30%
7	1 Inch	Residential	10,544	\$ 10,681	137	1.30%
8	1.5 Inch	Residential	-	-	-	0.00%
9	2 Inch	Residential	-	-	-	0.00%
10						
11		Subtotal	\$ 327,401	\$ 331,651	\$ 4,250	1.30%
12						
13	3/4 Inch	Commercial	\$ (118)	\$ (119)	(2)	0.00%
14	1 Inch	Commercial	493	\$ 499	6	1.30%
15	1.5 Inch	Commercial	(61)	\$ (62)	(1)	0.00%
16	2 Inch	Commercial	395	\$ 400	5	1.30%
17	3 Inch	Commercial	-	-	-	0.00%
18	4 Inch	Commercial	-	-	-	0.00%
19	6 Inch	Commercial	-	-	-	0.00%
20		Subtotal	\$ 709	\$ 718	\$ 9	1.30%
21						
22	1.5 Inch	Public Authority	-	-	-	0.00%
23	2 Inch	Public Authority	-	-	-	0.00%
24	3 Inch	Public Authority	-	-	-	0.00%
25	4 Inch	Public Authority	1,507	\$ 1,526	20	1.30%
26	6 Inch	Public Authority	-	-	-	0.00%
27		Subtotal	\$ 1,507	\$ 1,526	\$ 20	1.30%
28						
29						
30						
31	Total Revenue Annualization		\$ 329,616	\$ 333,895	\$ 4,279	1.30%
32						

EPCOR Arizona, Inc. - San Tan Wastewater District
Test Year Ended August 31, 2019
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Supplemental Schedule H-1
Page 3
Witness: Radigan

RUCO - Recommended Revenue Increase

**Line
No.**

	Present Revenues	Proposed Revenues	Dollar Change	Percent Change
1				
2				
3	Subtotal Wastewater Revenues	\$ 18,673,563	\$ 18,915,965	\$ 242,402 1.30%
4	Subtotal Revenue Annualization	329,616	333,895	4,279 1.30%
5	Total Revenues	\$ 19,003,179	\$ 19,249,860	\$ 246,681 1.30%
6				
7	Misc. Revenues	\$ 429,743	\$ 429,743	- 0.00%
8	Reconciling Amount (Tolerance)	-	-	- 0.00%
9	Total Wastewater Revenues	\$ 19,432,922	\$ 19,679,603	\$ 246,681 1.27%
10				
11				
12	<u>Revenue Reconciliation</u>			
13	Revenues per Bill Count before Annualization		\$ 18,673,563	
14	Revenue Per GL	\$ 18,596,119		
15	Billing Corrections (reflected on C-1)	77,444		
16				
17	Adjusted GL Revenues		\$ 18,673,563	
18	Difference		\$ -	
19				
20	Difference %		0.00%	
21	Tolerance %		0.00%	
22	Tolerance Amount + or -		\$ -	
23				
24	Acceptable?		YES	
25				
26				

EPCOR Arizona, Inc. - San Tan Wastewater District
Test Year Ended August 31, 2019
Customer Summary

Exhibit
Supplemental Schedule H-2
Page 1
Witness: Radigan

RUCO Proposed Rates

Line No.	Meter Size, Class	(a) Average Number of Customers at 8/31/2019	Average Bill		Proposed Increase	
			Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch Residential	79	\$ 36.11	\$ 36.58	\$ 0.47	1.30%
2	3/4 Inch Residential	37,853	39.24	\$ 39.75	\$ 0.51	1.30%
3	1 Inch Residential	118	49.27	\$ 49.91	\$ 0.64	1.30%
4	1.5 Inch Residential	1	-	-	-	0.00%
5	2 Inch Residential	1	-	-	-	0.00%
6	Subtotal	<u>37,973</u>				
7						
8	3/4 Inch Commercial	15	\$ 39.24	\$ 39.75	0.51	1.30%
9	1 Inch Commercial	20	49.27	\$ 49.91	0.64	1.30%
10	1.5 Inch Commercial	22	61.26	\$ 62.06	0.80	1.30%
11	2 Inch Commercial	74	98.77	\$ 100.05	1.28	1.30%
12	3 Inch Commercial	2	392.46	\$ 397.55	5.09	1.30%
13	4 Inch Commercial	3	753.45	\$ 763.23	9.78	1.30%
14	6 Inch Commercial	1	1,022.52	\$ 1,035.79	13.27	1.30%
15	Subtotal	<u>137</u>				
16						
17	1.5 Inch Public Authority	-	\$ -	\$ -	\$ -	0.00%
18	2 Inch Public Authority	-	99	\$ 100.05	1.28	1.30%
19	3 Inch Public Authority	3	392	\$ 397.55	5.09	1.30%
20	4 Inch Public Authority	4	753	\$ 763.23	9.78	1.30%
21	6 Inch Public Authority	2	1,023	\$ 1,035.79	13.27	1.30%
22	Subtotal	<u>9</u>				
23						
24						
25	Total	<u><u>38,120</u></u>				
26						

27 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

EPCOR Arizona, Inc. - San Tan Wastewater District
Test Year Ended August 31, 2019
RUCO Present and Proposed Rates

Exhibit
Supplemental Schedule H-3
Page 1
Witness: Radigan

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Percent Change
1	<u>All Classes</u>			
2	5/8 Inch	\$ 36.11	\$ 36.58	1.30%
1	3/4 Inch	39.24	39.75	1.30%
2	1 Inch	49.27	49.91	1.30%
3	1 1/2 Inch	61.26	62.06	1.31%
4	2 Inch	98.77	100.05	1.30%
5	3 Inch	392.46	397.55	1.30%
6	4 Inch	753.45	763.23	1.30%
7	6 Inch	1,022.52	1,035.79	1.30%
8	8 Inch	1,490.50	1,509.85	1.30%
9	10 Inch	2,143.03	2,170.85	1.30%
8				
9	Effluent Rate (per, 1000 gallons)	\$ 0.68	\$ 0.6900	1.47%
10	Effluent Rate (per, acre foot gallons)	221.58	224.84	
11				
12				
13	N/T = No Tariff			

EPCOR Arizona, Inc. - San Tan Wastewater District
Changes in Representative Rate Schedules
Test Year Ended August 31, 2019

Exhibit
Supplemental Schedule H-3
Page 2
Witness: Radigan

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	\$ 25.00	\$ 25.00
2	Establishment (After Hours)	\$ 40.00	remove
3	Deposit Requirement (Residential)	(a)	(a)
4	Deposit Requirement (Non Residential Meter)	(a)	(a)
5	Deposit Interest	(b)	(b)
6	Re-Establishment (With-in 12 Months)	(c)	(c)
7	Re-Establishment (After Hours)	(c)	(c)
8	NSF Check	\$ 15.00	\$ 25.00
9	Deferred Payment, Per Month	1.50%	1.50%
10	After hours service charge, per Rule R14-2-603D	Refer to Above Charges	\$ 40.00
11	Late Charge per month	1.5%	1.5%
12	Service Line Connection Charge	\$ 350.00	\$ 350.00
13	Main Extension Tariff, per Rule R14-2-606B	Cost	Cost
14	except refunds shall be based upon five percent (5%) of		
15	gross revenues from bonafide customers,		
16	until all advances are fully refunded to Developer.		
17	Off-site Facilities Hook-up Fee (See H-3, page 3)	(d)	(d)
18			
19			
20	(a) <u>Residential</u> - two times the estimated average monthly bill. <u>Non-residential</u> - two and one-half times the estimated		
21	maximum monthly bill.		
22	(b) Interest per Rule R14-2-603(B).		
23	(c) Minimum charge times number of full months off the system. per Rule R14-2-603(D).		
24	(d) New wastewater installations. May be assessed only once per parcel, service connection, or lot within a sub-		
25	division. Purpose is to equitably apportion the costs of constructing additional off-site facilities.		
26			
27			
28			
29			
30			
31	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
32	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
33	TAX. PER COMMISSION RULE 14-2-608D(5).		
34	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
35	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.		
36			
37	All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes.		
38	including all gross-up taxes, if applicable.		

EPCOR Arizona, Inc. - San Tan Wastewater District
Test Year Ended August 31, 2019
Hook-Up Fees

Exhibit
Supplemental Schedule H-3
Page 3
Witness: Radigan

Line

No.

1

2 **Off-site Facilities Hook-up Fee**

3

4

5 Lateral Service

Present

Proposed

Charge

Charge

6 4 Inch

\$ 3,900 \$ 3,900

7 6 Inch

8,775 8,775

8 8 Inch or greater

15,600 15,600

9

10

11

12

13

14

15

16

17

18 **REFERENCE**

19 Decision 77507 (December 17, 2019)

20

21

22

23

24

25

26

27

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29

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32

33

34

35